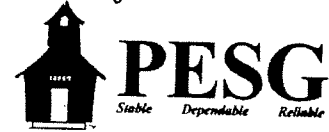


Submitted by
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Testimony Before the Commerce Committee – 5/3/2011

What our industry does:

- We provide substitute teachers, coaches, and administrators to 332 schools in 31 intermediate school districts in the State of Michigan.
- Our services allow the schools who partner with us to avoid paying pension, worker's compensation, or the administrative costs of scheduling or hiring substitute teachers, coaches, and administrators.
- We have saved Michigan schools \$34,000,000 since we started and we project to save Michigan schools \$70,000,000 in the next 3 years.

Why the current law is a problem:

- Part-time substitutes can qualify for unemployment by working two days per week for two quarters. The current law allows them to collect 43% of their base in unemployment compensation while turning down offers of employment.
- The industry is a 1% to 2% industry based on volume.
- In addition, we are assessed an additional 1% in unemployment taxes to fund the claims of industries no longer in the State.

What will we see happening if this law does not pass?

- The industry will no longer be able to support schools and an additional cost of \$50,000,000 per year will be incurred by Michigan schools.
- We will exit Michigan and continue investment in other states.
- Unemployment taxes are the third largest expenditure we incur – approximately \$5,200,000 for 2011.

How will this help us and the State?

- The State of Michigan will no longer process over \$1,000,000 in claims for which unemployment benefits were not intended.
- Schools will continue to enjoy the \$50,000,000 in extra cash flow that they experience now as well as an additional \$15,000,000 in savings that we will pass on to the schools by lowering our rates.
- We will continue to serve Michigan schools as we do now. In addition, we will pass 50% of the savings on to the schools.